

<p>chute 10:21  circumstances 7:18  13:14  citizen 70:20  city 10:2,18 11:5 63:17  CIV 1:21  claims 85:13  clarify 70:16  clicks 76:2  client 84:13  close 31:3 80:10,14  closely 17:18  coal 10:20  come 23:3 29:1 31:6  42:25 50:11,12 61:23  64:4 65:5 66:17  78:11 80:15,17  coming 8:2 20:9  commence 80:6  Commencing 1:24  Commission 90:22  common 11:8  communicate 17:22  communication 73:13  company 1:4,5,18 3:2  3:11,16 6:5 7:23,25  8:25 12:22 13:6,21  26:15 59:16 72:18  73:14  compiled 33:25  compound 67:2 78:9  computer 12:21,22  90:9  concern 43:3  concerned 42:22  conclusion 44:13 45:20  60:10 75:22 81:7  confidential 30:10  configuration 22:9,11  23:15,16,20  conflict 64:17,21  confused 51:25 66:21  consenting 68:25  consider 62:9,13,18  considered 10:21  consignee 52:25  Construction 1:17 3:11  3:21 14:24 15:2  17:12,13 18:17 34:20  42:9 43:12 45:15  46:19,19 48:15 49:21  50:5,16 52:5,14 58:4  71:9 76:1 77:16,20  78:13 82:15 84:3  constructs 85:21  contact 14:23 16:5  80:14  contained 27:14 74:12  74:16 79:20 90:14</p>	<p>context 48:1,4  continuing 40:21 44:7  44:22 58:21 60:9,18  contract 9:20 18:15,18  29:25 43:13 45:17,22  48:16 49:9 52:1  82:14,17,20,23 83:2  91:8  contracting 86:2,3  contractor 43:23 44:5  44:17,19 85:15,19,25  86:12  contractors 86:22  contractual 28:22 62:6  62:19  conversation 29:18  30:16 56:15 69:3  conversations 88:15  conversion 24:4,6  cook 86:17,18  Copies 91:6  copy 83:11  Corbin 79:17,18,18  corner 25:9  Corporation 12:8  Corps 53:25 54:3,13,24  correct 8:6,13 9:25  14:6 16:6 18:9 23:16  25:23 32:4 37:6,7  38:8 45:1 70:5 72:25  82:12 85:23 89:4  CORRECTION 89:6  corrections 89:21  cost 19:24  counsel 6:19 20:16  38:2,15 39:24 42:14  44:1 50:24 55:17,22  62:12 70:13 75:20  76:13,22 83:21 87:11  87:12 88:7,8  country 5:21 8:3  couple 63:7 84:21 88:1  course 28:2 45:3 49:19  52:8 75:16 83:10  court 1:1 7:1,9 8:12,15  25:11  cover 35:19  covered 59:8 66:9  cracks 42:20  crane 19:5 53:4  credit 27:5,14 28:17  30:10 49:10,16,16  74:22 75:12,18,18  78:25 79:3,7  creosote 86:14  crew 19:20 80:15  critical 7:1  cruise 9:23 10:4,13  11:11,11 64:14,17,21</p>	<p>65:1,6  curious 13:13 30:15  currently 8:17,19  customer 26:16 73:3  customers 29:13 36:23  C-E-R-T-I-F-I-C-A-...  89:1</p> <hr/> <p style="text-align: center;"><b>D</b></p> <hr/> <p>Daiichi 72:11  damage 42:23 43:3  84:19,20  darn 87:10  date 11:15 16:21 18:14  39:12 56:21 89:19  dated 26:20 54:13  dating 89:22  day 17:15 21:8 23:1  50:7,10 80:19 90:17  days 23:13 56:20 65:6  dealing 58:2  Dear 26:16  December 74:24  decision 19:20 23:5  66:24 67:19 68:5  69:8  decisions 67:16 79:23  deck 19:17 32:20 42:6  42:12,18,18,23,25  43:4,23 44:6,17,19  declaration 46:22  declined 9:10  deducted 84:17  deductible 85:7,9  deduction 84:22 85:2  Defendant 3:15  Defendants 1:20 2:2  3:11  demonstrates 63:18  deny 75:2 79:1  departure 8:24 79:25  depends 21:8 65:3  deposed 7:11  deposition 1:22 4:4  5:15 6:4,20 7:14,17  8:8 33:17 87:6,9 88:8  91:1  describe 33:19 52:19  53:10  described 53:8 79:15  DESCRIPTION 91:4  descriptions 88:13  designated 37:11  details 17:20 73:7  81:13  dictated 31:12 38:21  different 26:2 41:11  71:19,23,25 83:20  direct 55:25</p>	<p>directed 56:9  directing 46:5  direction 81:20 90:9  directly 14:13 22:23  57:9 58:2 61:25  78:23 79:16 84:11  discussed 21:15 81:21  discussing 69:22  discussion 20:1 24:21  29:21 30:3 42:5  discussions 21:20  29:10  dispatched 80:5  dispatcher 19:12  disputes 44:9  distinction 77:9  DISTRICT 1:1,2  dock 9:19,21 10:3,5,10  10:11,13,18,18,21,22  11:5,6,9,10,12,24  12:2 15:9 50:13  52:11,20,25 53:3,11  53:11,13,15 63:6,18  63:24 64:1,7,9,10,11  64:14,18 65:11 67:22  68:14,17,20 69:5  docks 10:1,6,16,20  11:2  document 20:14,21,23  20:25 26:18,22,24  27:17,23 28:1 33:17  33:19 35:16 36:3,6,8  36:13,15 37:14,23,25  38:6 41:16,22 74:5,7  74:11 77:11 88:7,9  91:7  documentation 68:11  documents 30:9 62:24  doing 11:2 16:25 21:10  26:21 31:3 52:9  65:18 72:21 79:9  dollar 36:25  double 65:6  doubt 39:17 40:11  57:25 58:14  draft 37:25  Drive 79:18  drop 80:12  drove 63:8 86:13  due 59:20  duly 4:5 5:4 90:5  dump 16:12 53:17  dumped 31:6 53:3,17  duties 12:9  d/b/a 1:4,5,10,10</p> <hr/> <p style="text-align: center;"><b>E</b></p> <hr/> <p>earlier 11:13 36:18  51:25 79:3</p>	<p>early 9:6 13:20  edits 38:25  effect 60:22  effective 19:24  effort 5:25  efforts 53:7  eight 66:12 71:4,5  either 25:16 61:5 68:19  86:1,1  eliminated 9:2  employed 8:17  employee 11:20 70:7  85:25 86:2  employees 13:15,16  employer 23:8  employers 34:7  employment 8:21  empty 31:23  engaged 29:7 79:7  engaging 28:20  Engineers 53:25 54:4  54:13,24  engines 80:11  enjoyed 63:3  entail 12:9  entailing 35:3  entire 26:22 32:3 78:5  entities 71:19  entitled 74:2  entity 86:2  eons 39:2  equipment 12:12 15:20  31:5 50:13 78:16  et 79:25 80:3  events 10:15 69:22  everybody 6:3,9 14:11  evidence 76:19 83:1  evidently 29:2 49:23  exact 11:14 16:21  31:24  exactly 17:22  Examination 5:8 91:3  example 52:22  exceptions 89:4  exchanged 84:12  exclusive 9:20 10:9  exhibit 5:2 20:12 25:12  26:11,14 30:11 33:12  33:15,16 36:1,3 37:8  37:10 39:3 43:9,12  54:11 70:22 71:3  73:19 74:1 88:4,6  91:4  existence 58:18  expect 46:8 61:17 69:8  expectation 61:19  expected 61:10,18  expenditures 80:13  expensive 23:1</p>
---	---	--	--	---

<p>experience 36:20 37:6 71:12 80:25 85:12 Expires 90:22 explain 29:6 54:10 55:20 extended 74:22 75:11 75:18,18 extent 16:7 44:13 extra 5:25</p> <hr/> <p><b>F</b></p> <p>face 33:15 face-to-face 22:6 facilities 12:19 facility 10:20 15:20 fact 58:17 facts 41:14 50:23 fair 10:25 fan 6:2 far 39:15 fashion 51:2 84:2,5 fast 57:2 fax 20:12 23:16 24:5 91:5 faxed 34:5 feasibility 15:24 federal 57:24 58:6,25 59:2 feel 41:21 59:10 feelers 15:1 feeling 15:23 Fidelity 1:18 3:11,15 figure 11:15 figured 50:4 52:13 53:9 56:2 61:22 fill 49:22 filled 27:18,23 28:1 filling 28:17 final 23:19 59:5 84:23 fine 44:14 firm 86:3 first 5:4 11:22 12:25 13:6 14:18 16:5,17 18:8 19:8 21:13 22:2 26:20 28:12 37:4 43:21 52:10 54:12 56:6,8,11,15 57:5 65:14 71:17 75:21 76:7,14,24 77:3,17 fish 21:11 fishing 65:3 five 20:16 63:17 64:3 65:14,19 fixed 32:7 floats 86:13 focus 12:4 folks 13:14 following 27:18 89:4 follows 5:7</p>	<p>foolish 19:16 foregoing 89:3 90:4,10 foreman 19:6 form 13:8,23 17:7 21:4 24:7,16 26:3 27:19 27:20 28:23 29:11 30:10,23 31:10 32:9 33:7 35:20 38:1 39:21 40:13 41:6 43:25 45:6,19 46:14 47:16,18,23 49:6,11 49:17 50:21 54:6 57:20 58:9,21 59:12 60:1 61:11,21 62:12 64:22 65:23 67:1,12 67:23 69:10,18 70:1 70:14 71:20 72:6,17 75:6,24 76:19 78:3,8 78:15 79:1 81:6 82:16 84:24 85:16,24 formal 29:25 31:8 forth 90:7 forthcoming 61:5 foundation 13:9,24 21:5 24:8,17 44:2 45:7 49:18 65:24 four 19:11,16,25 51:12 fourth 2:4 30:11 frame 8:7 10:14 16:21 20:6 57:2 65:10 Francis 69:12 Frank 33:21 34:10 free 44:18,19 freight 10:3,11 front 20:16 Fuel 1:10,11 full 19:20 46:23 79:19 functions 12:14 14:16 funding 60:25 66:16 funds 60:24 furnished 43:22,22 further 88:17 future 15:4 81:18 F.O.B 43:23 44:5,16,18</p> <hr/> <p><b>G</b></p> <p>G 3:9 Gail 14:7 gang 19:5 gear 19:11 general 6:20 30:16 generated 35:11 George 36:4 Gerry 27:7 getting 16:1 17:20 31:3 60:12,13 67:20 girl 21:7 give 5:22 7:3 35:4,6 39:21 40:22 49:2</p>	<p>56:19 given 21:2 32:20 40:21 glanced 39:25 go 6:19 7:10 12:4 16:13 19:2,8 22:25 23:2,9 23:18 26:22 30:13 31:13 36:7 37:15 39:22 42:21 46:11 53:5 54:18 59:16 66:11 73:6 80:12 82:6,24 83:22 87:25 88:1 goes 52:11,18,18,22,24 86:11 going 5:25 6:22 8:11 17:6,12,14,19 18:22 18:24 19:3,22 21:9 22:24 29:14 30:21,21 31:4,6 32:13 33:2 34:9,11 35:8 36:25 39:20 42:21,25 43:14 47:22 48:7,8,10 49:20 50:14 51:13 52:21 53:5 61:19,23 62:11,25 64:5 65:5 66:12 67:10 good 16:8 31:17 63:4 73:10 81:1 goods 37:2 Goodwill 1:22 3:23 5:3 5:10,12,13,24 6:19 8:17 20:11,13,21 26:13,21 36:4,13 37:10,12,23 39:5 43:11 46:13 53:23 55:4 70:20 74:1,2 76:24 81:3 83:17 87:5 88:6,22 89:19 91:2,7,9 Gosh 8:9 gotten 48:2 go-for 86:17 great 7:9 Guaranty 1:18 3:11,15 guess 23:14 86:23 guy 46:9 guys 17:17 19:6,11,16 19:24 20:8 59:4 79:2 80:8 G-O-O-D-W-I-L-L 5:12</p> <hr/> <p><b>H</b></p> <p>halfway 11:18 hand 38:19 90:16 handed 20:11 26:13 33:14 37:11 43:11,17 74:1 88:6 handled 79:4</p>	<p>handlers 80:14 handling 1:4,6 12:8 46:25 52:23 84:19 handwriting 25:6,8 34:4 handwritten 21:2 25:18 happen 85:12 happened 9:16 82:2 happy 7:6 20:8 48:16 hard 24:9 hatch 19:16,17 hauling 34:11 head 7:4 8:15 10:24 38:22 hear 6:3 7:8,9 83:21 held 32:18 Herb 6:14 Herbert 3:17 hereunto 90:15 high 37:1 hired 7:22 8:5 11:23 history 52:9 hole 19:16 home 59:16 Homer 6:23 14:19 31:14 34:12 51:9 honest 54:4 67:25 hoping 15:3 hours 31:4 HRH 1:21 hurry 81:15</p> <hr/> <p><b>I</b></p> <p>idea 15:19 16:7,25 identify 6:3 ILWU 21:16 immediately 80:12 imply 40:5 important 73:24 impression 45:13,14 53:1 59:1 61:7 include 10:19 62:14 77:16 inclusive 1:25 incurring 80:13 independent 14:12 INDEX 91:1 indicate 60:16 77:25 individual 68:3 80:24 individuals 69:17,25 70:12 Industrial 10:2 industry 44:21 73:1 infamous 83:11 information 35:4 38:3 62:24 informed 48:15 49:19 initial 16:4</p>	<p>initially 55:1 inquiry 20:3 instance 84:12 instructed 65:21 instruction 83:3,18 instructions 34:14 insurance 34:25 35:6 35:10,16,19,25 36:5 36:22 37:5 85:13 insured 35:18 intend 77:20 intended 61:8 intending 54:4 intent 15:2 22:18 42:24 45:2 48:4 62:15 78:11 interest 90:13 interferes 6:2 Intervening 1:12,15 3:6 introduce 6:9 investigation 83:7 invoice 50:17 71:6,8,14 72:16 84:18 85:3 invoiced 59:25 invoices 46:10,12,15,17 55:5,9,12 57:13 70:25 78:17,19,22 79:14 84:2 involved 12:10 19:2 29:22 30:5 35:7 50:19 53:12 73:7 84:11 85:13 involvement 84:7 involving 10:15 Island 33:22 isolated 12:25 issue 43:7</p> <hr/> <p><b>J</b></p> <p>J 3:8,8 Jack 1:22 3:23 5:3,12 20:13 36:4 37:11 39:5 70:19 74:2 89:19 91:2,7,9 January 26:14,20 91:5 Jeff 69:12 job 14:24 18:1 19:14 21:21 28:3,12,14 32:12 34:8 48:2,6 58:7,25 59:2 76:3 81:1 jobs 86:21 John 3:21 6:16 Jones 26:8 July 11:6 64:6,13 June 54:15 56:22 57:5 82:13 J-A-C-K 5:12 EXHIBIT 1</p>
---	---	--	---	---

<b>K</b>	73:10,17,21,25 75:10 76:5,11,16,22,23 77:2,15 78:6,18 81:8 82:11,21 83:23 84:6 85:8,20 86:1,9 87:25 88:5,17,22,24 91:3	<b>load</b> 10:21 16:12 17:13 21:25 22:18 31:13 32:1,23 33:2 35:8 46:7,25 49:20 51:5 53:17 64:5,15 65:13 65:21 79:24,24 81:4 <b>loaded</b> 5:18 31:23 42:7 45:5 48:18 51:2 53:18 63:2,16 80:10 <b>loader</b> 10:24 <b>loading</b> 5:23 10:20 11:1 16:14 18:19,23 18:24 19:18 21:10,11 21:23 22:23 42:19 43:1 45:11,12,17,23 52:4,9,23 56:25 63:15,23 64:8 66:14 75:4 76:3 79:22,23 80:6,9,17 82:14 83:19 <b>loadings</b> 49:1,4 <b>loads</b> 63:17 65:15 <b>local</b> 13:5 19:10 <b>locals</b> 63:8 <b>logging</b> 7:23 <b>logs</b> 21:11 <b>long</b> 7:15 11:25 13:18 26:6 36:19 86:12 87:10 <b>longer</b> 41:4 65:13,21 66:3,23 67:10 <b>longshored</b> 11:18 <b>longshoremen</b> 80:5 <b>longshoring</b> 11:17 <b>look</b> 26:17 30:11 36:5 37:12,21 65:7 69:23 <b>looked</b> 39:25 87:10 <b>looking</b> 15:19,20,20 <b>lot</b> 21:6 31:18 56:3 65:3 <b>loud</b> 6:1 <b>lump</b> 24:25	<b>March</b> 1:23 89:20 <b>Marine</b> 10:2 <b>maritime</b> 73:1,5 <b>Mark</b> 26:8 <b>marked</b> 5:2 20:12 26:11,14 33:12,14,16 36:1 37:8 43:9,12 73:19 88:4 <b>Martin</b> 3:17 <b>Martinez</b> 86:19 <b>Martinson</b> 86:20,20 <b>Mary</b> 2:7 4:2,6 90:2,19 <b>material</b> 24:23 31:25 43:13,21 63:5 75:4 84:19 91:8 <b>matter</b> 5:14 74:25 <b>mean</b> 20:7 27:3,20 28:7 28:9 29:3 30:9 32:2 38:2,7 39:15,16,24 40:5 44:8 45:15 46:10 48:4 49:13 50:6 59:15 60:13 62:13,21,23 66:11,20 67:15 68:9,10 69:13 70:9,18,19 77:20 79:2 85:4,25 <b>means</b> 26:9 43:24 44:6 44:17,20 61:5 84:14 <b>meant</b> 61:4 <b>meet</b> 15:8 51:8 <b>meeting</b> 15:11,16 16:3 16:17 17:5 18:8 19:4 19:8 20:5 21:15 22:1 22:2,6,12 23:10,12 23:23 <b>Meherg</b> 27:7 <b>memory</b> 70:3 <b>men</b> 19:5 51:5 <b>mention</b> 54:21 <b>mentioned</b> 11:13 13:7 13:12 51:12 <b>merged</b> 12:24 <b>Merit</b> 4:6 90:20 <b>Metco</b> 1:14 3:7 6:13 <b>method</b> 21:24 82:4 <b>Michael</b> 3:3 <b>mid</b> 9:8 <b>middle</b> 57:23 59:18 <b>mid-August</b> 47:24 <b>mid-year</b> 11:19 <b>Mike</b> 6:4,8 <b>million</b> 36:25 <b>mind</b> 39:13 61:1 76:2 <b>mine</b> 88:16 <b>minutes</b> 88:2 <b>misstating</b> 76:18 <b>mode</b> 68:22 <b>moment</b> 37:12 80:22 <b>money</b> 5:19 59:20	60:12,17 61:5,20,22 66:17 68:2 <b>month</b> 56:19 57:3 <b>months</b> 60:13 <b>morning</b> 6:20 <b>Morrison</b> 2:3 3:13 <b>move</b> 66:25 68:13,17 68:20 69:4 <b>moved</b> 13:3 31:18 53:2 63:15,23,25 67:6 <b>movement</b> 21:16 52:14 81:19 <b>MV</b> 89:22
<b>Karen</b> 34:4 <b>kept</b> 80:14 <b>kicking</b> 15:19 <b>kids</b> 63:8 <b>kind</b> 7:7 12:1,24 14:25 15:18,23 16:13,19 17:16,17 31:2 58:25 60:4 81:14 85:18 86:17 <b>knew</b> 32:11 79:1 <b>know</b> 7:15 9:9,13 12:23 13:10,18 16:21 17:17 17:19 20:4,5,9 21:10 24:4 26:1,9,17 27:5 27:22 29:14 31:5 32:19 33:24 35:7,22 36:5,24 37:13 38:10 39:16 40:3,5,6,6 42:24 45:2,10 48:13 51:6 56:17,21,24 60:11 61:13 62:22,23 63:5,10 66:9 67:4,25 68:21,22,23 69:2 70:6,7,19 71:23 72:21,25 73:7,8 78:15 79:2 80:19 81:9,12,13,15,16,22 82:2,8 83:14 84:14 85:6 <b>knowledge</b> 20:22 27:3 39:9 41:12 58:6 64:19 74:17 <b>KNOWN</b> 4:4 <b>knows</b> 65:25 <b>Krider</b> 3:12 5:9,13 6:8 6:16,18 8:11,16 13:11,25 14:3 15:5 17:9 20:20 21:12 22:20 24:13,20 25:14 26:7,12,23 27:22,25 28:10 29:5,17 30:25 31:19 32:15 33:13 36:2,9,10,12 37:9,17 37:20 38:5,16 40:9 40:17,23 41:1,10,18 41:23 42:15 43:2,10 44:4,10,14,15,25 45:9,21 46:3,16 47:8 47:10,13,19 48:9 49:8,14,24 50:3,9 51:10 54:9,22 55:14 55:20 56:5 57:22 58:13,22 59:17 60:6 60:15,21 61:16,24 62:16,17 65:8 66:2 67:8,17 68:4 69:14 69:20 70:4,15,21 71:4,7 72:1,14,20	<b>Kurtz</b> 3:4	<b>L</b> <b>label</b> 25:9 <b>labor</b> 12:12 22:10 78:15 <b>lack</b> 65:24 66:22 <b>laid</b> 9:11 13:9 17:17 24:17 44:1 <b>LaPore</b> 1:19 14:22 15:11,15 16:22 17:22 18:25 20:1,13 21:20 22:3,6 24:14,22,25 28:16,20 29:10,19,21 32:22 46:24 47:5,20 47:25 48:12 49:15 55:4,8,12 56:7,12,13 59:24 60:16 61:7 68:13 88:14 <b>large</b> 15:21 42:7 <b>late</b> 9:7 <b>law</b> 3:8 73:5 <b>lawyer</b> 59:1 <b>led</b> 18:5,12 <b>left</b> 68:2 <b>legal</b> 44:9,13 45:20 60:10 73:5,8,8 75:22 81:7 87:11 <b>letter</b> 26:15 27:6 42:9 54:12,18,19 55:3 91:5 <b>letters</b> 53:24 54:3 <b>let's</b> 12:4 17:2 20:17 53:10 54:17 86:11,21 <b>level</b> 19:10 <b>life</b> 70:9 <b>lift</b> 36:25 <b>line</b> 39:22,23 40:22 52:23 71:17,25 72:4 72:13 80:14 84:4 89:6 <b>lined</b> 51:1 <b>lines</b> 14:12 80:12 <b>lining</b> 80:19 <b>list</b> 30:12 77:4,7 <b>listed</b> 23:15 <b>lists</b> 78:17 <b>litigation</b> 10:15 <b>little</b> 12:3 13:4 19:1,12 25:3 35:7 42:20 59:4 63:9,9 65:18 86:13 86:21 <b>LLP</b> 2:3 3:13	<b>M</b> <b>mailing</b> 8:12 51:16 86:24 <b>main</b> 12:17 34:16,16 59:5,5 <b>Majestic</b> 36:4 <b>making</b> 18:22 48:5 79:22 <b>man</b> 19:12 31:4 82:3 <b>manager</b> 13:17 27:6 42:8 58:3 <b>manning</b> 19:4,7,11,13 19:23 21:14,22 <b>manpower</b> 21:20 23:5 23:20 <b>Marathon</b> 1:10,11	<b>N</b> <b>N</b> 3:4 <b>Nah</b> 22:16 <b>name</b> 5:11,13 20:22 27:5 35:6 71:14 72:3 72:9,15 86:20 <b>necessarily</b> 61:3 71:22 <b>necessary</b> 19:21 58:1 <b>need</b> 22:14 28:17 31:22 56:2 66:7 <b>needed</b> 19:7 32:12 89:22 <b>negligent</b> 79:9 <b>nervous</b> 65:18 <b>net</b> 16:9 <b>never</b> 22:19 41:8 43:14 49:25 59:14 65:5,10 <b>night</b> 59:16 <b>nine</b> 66:12 <b>nods</b> 7:4 8:15 38:22 <b>noisy</b> 7:7 <b>nonmonetary</b> 30:4 <b>normal</b> 42:19 79:11 84:22 <b>normally</b> 19:5 23:8 52:21 56:19 85:3,5 <b>north</b> 1:3,4 3:2 6:5 8:9 8:19,22 9:10,20 10:9 11:14,20 12:17,19 13:5,18,21 26:15 28:21 29:6 34:25 35:17 36:20 37:5 50:13 53:7 68:11 70:7 71:13 87:22 88:7 <b>Northern</b> 1:4,5 12:7 46:25 54:14 57:25 58:8 59:7,20 65:13 65:20 66:4,22 67:9 67:19 68:6,11 69:4 70:8 71:12 81:16,23 83:2 84:10,17 87:22 <b>nos</b> 7:3 <b>Notary</b> 4:7 5:6 90:2,20 <b>note</b> 25:22 33:15 89:21



<p>noted 4:5  notes 15:10,14 26:2  88:14 91:9  noticed 6:1  notion 16:16  November 90:22  Nugget 1:17 3:11,21  5:14 6:17 10:12  14:24 15:1 17:11,13  17:15,23,25 18:6,13  18:17 33:5 34:20  42:8 43:12 44:23  45:12,15,16 46:2,4  46:19,19 47:1 48:2,6  48:8,11,12,15,19,21  48:25 49:3,9,21 50:5  50:16 52:1,5,13  53:21 54:21,24 55:3  55:7,11 57:8,15,17  58:3 60:4 61:6,23  62:3,6,19,22 63:15  63:19,23,25 65:12  66:25 67:20 68:20  71:8 73:14 75:17,18  76:1 77:4,14,16,20  78:1,12,23,24,24,24  78:24 79:16 82:15  83:3 84:2  Nugget's 53:5 83:7  Nugget/Spencer 91:8  number 25:13,15</p> <hr/> <p><b>O</b></p> <p>oath 5:6  object 13:8,23 17:7  21:4 24:7,16 26:3  27:19 28:23 29:11  30:23 31:10 32:9  33:7 35:20 38:1  39:20 40:13 41:6  43:25 44:12 45:6,19  46:14 47:16,18,22  49:6,11,17 50:21  54:6 57:20 58:9  59:12 60:1 61:11,21  62:11 64:22 65:23  67:1,12,23 69:10,18  70:1,13,14 71:20  72:6,17 75:5,6,23  76:8 78:3,8 81:6  82:16 84:24 85:16,24  objection 24:8 40:20  40:21 41:15 44:7  45:25 58:21 60:9,18  76:11,12,16 77:1,10  objections 44:22  obtain 9:21  obtained 48:15  obvious 19:22</p>	<p>obviously 7:6  occurred 10:15 39:12  41:12  offhand 56:17  office 3:8 13:17 14:4,5  15:9 21:7 35:5,5  38:14  offices 12:17 17:3 18:3  official 86:22  officially 67:5  off-loaded 31:14  Oh 27:24 30:9 87:10  okay 10:6,14 36:9  41:17 43:20 52:19  70:6,24 74:8 77:23  80:7 86:7  Oles 2:3 3:13  once 5:16 17:3 56:1  ones 46:5,6 48:22  on-call 31:16  open 9:19 74:20 75:16  78:25  operate 12:11  operating 13:22 18:6  18:13  operation 10:12 19:7  31:5,17 34:17 45:14  63:4,15 66:18,25  67:21 76:2  operations 9:9 10:24  13:18 27:13  opposed 24:23 39:19  oral 82:22,24 83:2  ordering 51:5  orders 29:9,22  oriented 11:11  original 22:17,18  originally 20:24 39:19  outcome 20:4 40:7  90:14  outside 78:1  outstanding 60:13  owed 5:20 60:17  owned 10:1 13:21  71:24 81:4  owner 37:2 46:20 58:2  86:2  owners 13:15 36:22  71:9 72:9 84:3  owner's 71:14 72:3</p> <hr/> <p><b>P</b></p> <p>page 4:6 25:4 26:20  30:11 39:3 42:3  43:18 46:23,24 47:10  57:23 63:13,14 71:2  74:7,19 77:22 79:19  79:20 89:6,22 91:2,4  pages 1:25 27:18</p>	<p>paid 7:12,19,20 29:8  50:17 53:23 55:25  56:2 57:8,12,16 58:1  58:8,15,17 59:4,11  60:4 61:10,17,18  64:3 65:14,22 66:22  66:24 67:11,20  Palmer 35:6 36:4,16  paper 34:1 89:21  papers 87:11  paperwork 13:4 29:2  49:23 66:11 83:14  paragraph 21:13,14  23:25 42:3,15 46:23  47:10 57:23,24 59:18  59:19 63:14 74:19,20  75:21 76:7 77:3,6,11  77:22,24 78:5 79:15  79:19  parameters 6:20  Pardon 6:7  part 30:1 42:4 43:15,21  52:15 78:11 82:17  partial 78:10  particular 76:3  particularly 47:17  party 90:13  pay 5:19 48:25 49:3  55:12 57:15,17 59:22  59:25 60:5,24 61:2,8  73:3 85:3,5  paying 52:16 53:2 60:8  87:22  payment 55:5,8,21  56:4,7,12,16 57:10  57:11 58:1 59:5  payroll 12:13,23 19:25  21:9  Pease 3:4  pencils 24:1  people 48:22 65:17  67:15  percent 9:24 73:1  perform 11:25 30:21  47:6,21 66:3,23  67:10,19  performance 28:2,11  81:5 83:10  performed 29:15 31:1  45:24 56:25 66:16  75:19  performing 62:20  75:12 84:8  period 12:5  permanent 11:20  permission 23:19  permit 9:22  person 14:15 34:16  37:4 56:6 87:18</p>	<p>personal 39:9  personally 38:3 65:17  Petersburg 86:11  Petroleum 1:9,10 3:6  6:12  phone 87:18,19 88:13  91:9  phrase 11:8  physical 87:1  picking 52:16  pictures 70:23,24  Pike 3:13  piling 86:13  pink 87:17  pipe 52:22  place 4:5 8:8 11:1  12:14 22:19 52:10  56:4 68:21 69:1,7  73:9 79:1 90:6  placing 52:17  plain 76:20  plaintiff 1:15 3:2 6:11  6:11,12,12  Plaintiffs 1:7,12 3:6  plan 15:25  plans 15:3  player 61:6  please 5:10 26:16 33:20  37:12 47:13 52:19  54:10 70:22 76:17,22  83:23  point 5:21 34:2 53:7  64:4 81:18  pointed 7:7  policy 72:18  port 9:24 19:10  portion 9:6 12:12,23  25:19 53:13  ports 9:25  position 9:2 35:24 54:5  86:16  possession 81:24  possibility 68:8  possible 20:5 22:21  26:1 64:20,24  potentially 20:9  practices 29:7 78:14  83:7  preparation 87:5,9  present 3:20 23:8  79:21  president 12:7 13:16  36:21  presume 25:15 43:14  pretty 6:1 12:25 19:22  20:7 34:16 39:24  60:13 64:1 66:15  78:16 80:14,16 85:4  previous 64:3 74:24</p>	<p>previously 33:16  price 25:1 30:21  pricing 15:15 18:25  19:1  print 12:22  prior 7:10,14 9:10  13:15,15,16 16:22  57:5 82:12 87:8 88:8  privy 62:23  probably 8:10 9:24  14:10 15:23 55:2  79:11  procedure 79:11  proceed 20:6 73:22  proceedings 88:25 90:5  90:5,7,11  process 16:15 23:5  27:15 53:8  procured 81:17  product 58:3 72:11  Products 1:18 6:23  14:19 43:13 49:10  50:20,22 54:15,25  62:3 71:10 75:3  81:17  project 6:24 11:1 14:19  17:18 23:23 32:3  35:1 42:8 45:4,15  46:17 50:20,22 52:4  54:5 57:25 65:22  66:4 71:1 75:16 78:2  81:24 83:8,20  promise 32:22 33:5  49:3  proof 35:17 37:5  proofs 36:22  proposing 24:14  protection 59:10  provide 12:11 48:8  provided 34:25 42:9  43:23 44:5 88:8  providing 47:2  Public 4:7 90:2,20  purchase 29:9,22  purported 88:13  purpose 59:8  purposes 8:14  put 15:22 24:11 42:18  42:20 43:1 48:7  59:15 72:2,8,15 79:1  86:13,14  P-R-O-C-E-E-D-I-N...  5:1  p.m 1:24 88:25  P.O 3:24</p> <hr/> <p><b>Q</b></p> <p>quantity 15:21 31:25  79:24</p>
---	--	--	---	---

<p>quarrel 59:21 quarry 16:1 18:23 34:9 49:21 question 6:21 7:5 13:9 13:24 14:21 17:8,10 21:5 23:14,18 24:8 24:17 26:4 27:20 28:24 29:12 30:24 31:11 32:10 33:8 34:24 35:21 38:2 39:21,24 40:14,18 41:2,7 42:12 44:1 45:20 46:15 47:11,14 47:17,18,23 49:7 50:2,3,22 54:7 56:11 57:21 58:10,23 59:13 60:2 61:12 62:12,15 64:23 65:24 67:2,13 67:24 69:11,19 71:21 72:7 73:13,23 75:7 76:19 78:4,9 79:14 81:7 82:17,18 83:24 84:25 85:17 86:5 questions 6:22 42:5 67:3 88:18,19 quickly 40:1</p> <hr/> <p><b>R</b></p> <p>R 3:12 rail 52:24 53:12 railcar 22:23 82:6 railcars 18:23 22:19 80:19 railroad 8:20 9:19 10:3 10:4,6,18 11:9,10 15:9 64:10 railyard 53:11 ramifications 73:5 Randolph 34:19 42:8 43:6 55:19 56:7,12 56:15 57:7 68:16 79:21 83:18 Randolph's 80:23 84:7 Randy 18:24 33:10,23 34:12 35:12,13 37:4 46:9 50:7,10,10,12 50:19,25 51:6,11 55:10,18,24 56:8 61:14 63:3 66:17 67:6 68:2,16 82:24 Randy's 83:3 rates 12:13 78:14 reaction 20:3 read 20:17 39:22 40:22 43:18 47:13,15 54:18 54:19,20 83:15,25 89:2 reading 22:5 25:23 75:2,21</p>	<p>really 16:19 63:11 68:9 68:9 reason 8:24 23:14 39:17 40:10 43:17 58:7 72:15,21 recall 5:17 7:21,22 8:7 11:15 15:12,13 16:3 16:19,24 17:2 18:14 20:6 21:6 22:2,8,10 23:7,24 24:12,24 25:2,20 26:5 28:14 28:15,16 33:9,11 34:24 35:3 39:2 56:14,20 60:19,23 65:17 66:5 67:7 68:1 68:9 79:10 80:3 81:20 received 56:4 60:24,25 83:17 receptive 20:8 recognize 20:14,21,22 20:23 25:6 26:18,24 33:17,18 36:6,13 37:13,23 70:25 74:5 recognized 40:1 63:7 recollection 14:18 21:19 23:22 57:4 66:8,14 67:9,11 69:16,22 record 5:11 6:9 8:14 20:18,19 25:10 26:19 26:21 33:20 36:8,11 37:16,18 39:23 41:16 41:19 47:15 70:6,18 73:17,21 76:17 83:25 86:23 88:1,24 90:10 recording 38:20 reduce 19:7 reduced 19:4,13,23 reducing 19:11 reference 20:2 26:8 47:24 57:19 referred 11:5 referring 16:4 28:8 36:18 62:14 refers 25:20 refresh 21:19 66:7 69:15,21 70:3 refreshed 66:6 refreshing 24:9 refuse 68:7 regard 6:23 80:24 82:13 83:19 regarding 21:20 41:13 42:6 Registered 4:6 90:20 relationship 62:6,19 relationships 78:1 reloaded 22:25 23:3</p>	<p>remain 81:23 remember 7:19,24 9:6 15:10 24:19 69:3 79:13 82:4 remembers 24:18 rendered 5:20 7:13 73:2 84:15 rephrase 7:6 report 14:4,7,11 49:16 reported 2:7 14:8,16 90:8 reporter 4:7 7:1,9 8:12 8:15 90:20 reporter's 6:2 25:11 90:1 represent 6:11 represented 30:8 representing 6:5 34:7 34:19,20 request 35:11 47:6 requested 46:25 47:15 47:21 51:16 83:25 90:12 requesting 35:17 required 12:11 19:13 21:21 31:25 49:15 research 16:25 resources 70:18 responsibility 53:6 responsible 17:6,8 45:4 53:15 59:25 60:7 61:2 80:24 rest 48:1 52:11 restate 83:23 restructuring 9:1 result 67:18 84:23 retire 14:9 retired 14:8 27:12 review 20:17 22:15 26:22 38:23 39:23 74:3 88:11 reviews 36:8 41:16 right 8:4,18 10:7 12:4 16:11,12 21:13 32:12 40:23 53:16 78:12 81:2 84:17 87:16 rights 10:9 ring 88:14 Rinker 2:3 3:13 RMR 2:7 4:2 90:2 Robert 1:19 20:13 rock 1:18 6:23 10:25 14:18,19,24 15:22 16:1 17:13 18:19,22 19:19 20:13 21:16 31:6,15,18 34:9 35:8 43:1,13 45:5,10,12 46:8,20 47:1 48:7,23 48:24 49:10,20 50:1</p>	<p>50:5,20,22 51:22 52:10,14,16 53:2,18 54:15,25 57:10 58:3 62:2 63:1,23 64:5,8 64:15 65:13 66:14 71:9 74:21,22 75:3,9 75:11 76:1,1 77:7 79:24 81:4,17 82:14 83:19 84:4 91:8 Rock's 81:11 role 11:22,25 34:8 room 6:1 7:7 roughly 9:4 rules 23:7</p> <hr/> <p><b>S</b></p> <p>saw 28:12 saying 25:12 55:2 58:11 60:5 68:8 says 21:14 22:1 24:1 25:19 42:5 43:21 46:23 59:19 63:14 74:20 75:23 76:10,10 schedule 31:8,13 51:8 65:1,7 scheduling 65:4 scope 33:1 Scott 69:12 se 20:24 69:6 seal 90:16 Seattle 3:14 second 20:15 42:15 43:18 72:10 74:2 84:4 91:9 secondary 71:15 72:4 seconds 20:17 Section 43:19 see 20:9 21:17 24:2 28:1 42:10 47:2 51:14 58:4 59:22 63:19 66:7 71:10 74:25 75:25 76:1 79:10,25 83:11 86:11 86:21 87:18 seeing 28:14 seen 27:17,20,23 28:9 29:4 43:14 44:8,9 83:13 88:9 seized 5:22 semi-retired 8:18 send 51:21 53:24 55:10 55:19 57:9 82:25 83:3 sending 57:13 sense 16:11 sent 36:15 46:12,18,18 46:21 49:10 51:14,22 54:3 56:1 61:9 79:15 84:2,5</p>	<p>sentence 21:14 23:25 42:16 46:24 48:1,4 54:12 59:19 63:14,20 74:20,25 75:2,21 76:7,10,14,24 77:3,6 77:17,19 79:20 separate 76:6 85:4 service 1:10,11 68:7 services 5:20 7:12 12:10 28:21 66:16 73:2 79:2 84:15 session 6:21 set 19:3 55:1 61:14 74:23 90:7 Seward 3:24 5:18 9:10 9:25 10:2,16 11:2 12:15 13:5,6,19,22 14:4,5,11,16 15:6,18 16:23 27:14 34:10,12 43:23 63:16 70:20 81:24 86:25 87:3 Sewright 3:3 5:24 6:4 7:7 13:8,23 14:1,20 17:7 20:15 21:4 22:14 24:7,16 25:12 26:3,19 27:19,24 28:5,23 29:11 30:23 31:10 32:9 33:7 35:20 36:7 37:15 38:1,13,14 39:20 40:13,20 41:6,15 42:13 43:25 44:7,22 45:6,19,25 46:14 47:8,11,16,22 49:6 49:11,17 50:2,21 54:6,17 55:13,16,22 57:20 58:9,20 59:12 60:1,9,18 61:11,21 62:11 64:22 65:23 67:1,12,23 69:10,18 70:1,13 71:2,20 72:6 72:17 73:20 75:5,20 76:8,13,18,25 77:10 78:3,8 81:6 82:7,16 83:21 84:24 85:16,24 86:4,7 88:19 shaken 31:2 Shamburek 3:8,8 6:7 6:10,10 44:12 88:21 sheet 12:12 34:1 Shingleton 14:7 Shingletons 13:1 ship 5:18,22,23 10:4,13 11:11 52:20,22 64:14 65:1,6 71:16,18,24 72:12 shipping 52:23 ships 9:23 64:17,21 Shoreside 1:9,10 3:6</p>
--	---	--	--	--

EXHIBIT 1

<p>6:11  <b>short</b> 20:7 24:1  <b>shots</b> 63:19  <b>shoulder</b> 7:4  <b>show</b> 25:10 64:25  <b>shrugs</b> 7:4  <b>side</b> 52:20,20,25 53:11  53:11,12,13,15,16  63:6,16 66:18  <b>signature</b> 25:4 27:6  39:4,4 74:9 90:12  <b>signed</b> 29:25 39:6,13  39:19 40:2,16 74:11  <b>significantly</b> 9:13,14  <b>signing</b> 89:22  <b>simply</b> 35:17  <b>single</b> 51:17  <b>sir</b> 11:4,7,21 12:16  22:15 24:10 25:17  34:23 37:22 39:8,11  44:9 50:18 53:22  54:1,18 56:11 58:5  59:9 71:11 73:15  74:4,6,10,14,18 77:5  77:8 78:24 79:18  80:2 83:9,12 87:4,21  87:24 88:10,12  <b>sit</b> 21:1 40:12,18 41:2  41:24 74:15  <b>sitting</b> 23:2 40:10  <b>situation</b> 7:11  <b>sixth</b> 39:3  <b>skip</b> 16:16 53:18 81:3,9  81:17,23  <b>slick</b> 31:17  <b>slip</b> 87:17  <b>smart</b> 49:2 68:3  <b>Smithson</b> 3:21 6:16  <b>smooth</b> 63:3  <b>sold</b> 8:25  <b>soliciting</b> 18:1  <b>somebody</b> 13:7,12 21:3  37:1 65:12,20 66:4  69:24 85:21  <b>soon</b> 20:5 53:3  <b>sorry</b> 63:13  <b>Southeast</b> 9:21  <b>speak</b> 5:25 7:8 69:16  70:11 87:12  <b>speaking</b> 76:11  <b>speaks</b> 76:10 77:11  <b>special</b> 23:12 42:21  <b>specific</b> 23:22 69:3  <b>specifically</b> 15:12  <b>speculation</b> 71:21  <b>spell</b> 5:10  <b>Spencer</b> 1:17 6:23  14:18,24 17:16,23,25  18:6,12 20:13 33:22</p>	<p>34:22 43:13 44:24  46:2,20 47:6 49:10  49:21 50:1,5,20,22  51:22 52:6,15 53:2  54:15,25 55:2,3,19  55:21 57:10,13 58:2  61:10,17,25 62:1,2,7  62:19,22 65:12 66:25  67:21 68:20 71:9  74:21,22 75:3,9,11  75:25 76:1 77:4,7,13  79:7 81:11,17 84:4  <b>Spit</b> 6:23 14:19  <b>split</b> 76:9,14,15  <b>spoke</b> 87:14  <b>springtime</b> 47:2  <b>stacked</b> 31:7  <b>standing</b> 19:17  <b>Star</b> 1:3,5 3:2 6:5 8:9  8:19,22 9:10,20 10:9  11:14,20 12:17,19  13:5,18,21 26:15  28:21 29:7 34:25  35:17 36:20 37:5  68:12 70:7 71:13  87:22  <b>start</b> 25:19,22 51:7  <b>started</b> 8:13 11:16,17  11:19 12:25 13:3  <b>starting</b> 47:2 65:17  <b>Star's</b> 53:7 88:7  <b>state</b> 4:7 5:5,10 66:23  76:16,25 90:3  <b>stated</b> 41:4,14,24  <b>statement</b> 5:23 18:2  39:18 48:5 66:21  79:21  <b>statements</b> 39:10 54:4  74:12,16  <b>states</b> 1:1,3,9,18 3:11  3:15 75:6  <b>stayed</b> 41:19 81:1  <b>steamship</b> 7:23,25  <b>stenographically</b> 90:8  <b>step</b> 23:6  <b>Steve</b> 6:10  <b>stevedore</b> 1:4 3:2 6:5  9:23 13:5 26:15  46:25 52:21 58:8  59:7 66:22  <b>Stevedoring</b> 1:4,5,5  9:21 12:8 54:14  57:25 59:21 65:13,20  66:4 67:10 68:6,11  69:4 70:8 71:12  81:16 83:2 84:11,18  87:22  <b>Stevedoring's</b> 67:19  81:24</p>	<p><b>Steven</b> 3:8,8  <b>sticker</b> 25:11  <b>stone</b> 63:17  <b>stones</b> 42:7  <b>stop</b> 76:22  <b>stopped</b> 66:14  <b>Street</b> 3:4,9,13  <b>strike</b> 33:24 49:3  <b>stuff</b> 23:12 26:25 27:21  66:10 73:9  <b>subbed</b> 12:21  <b>subcontractor</b> 62:3  <b>submit</b> 38:3  <b>submitted</b> 74:24  <b>subscribed</b> 90:16  <b>subvendor</b> 84:13  <b>suitability</b> 42:6  <b>Suite</b> 2:4 3:9,13,18  <b>sum</b> 25:1  <b>summer</b> 8:20 63:17,22  <b>sums</b> 59:25  <b>superior</b> 34:13  <b>supervising</b> 12:2  <b>supervision</b> 14:12  <b>supervisor</b> 11:24 36:21  <b>supplier</b> 62:3  <b>support</b> 83:11  <b>supposed</b> 46:21 49:2  <b>supposedly</b> 46:18  <b>sure</b> 7:16 15:17 35:16  36:10 37:17 51:1  57:1 59:3 66:15  68:21,22,24,25 69:6  79:17 80:8  <b>sworn</b> 5:4 90:5  <b>synopsis</b> 35:7  <b>systems</b> 12:20</p> <hr/> <p style="text-align: center;"><b>T</b></p> <hr/> <p><b>take</b> 26:16 36:5 37:12  54:18 73:9 88:1  <b>taken</b> 1:23 2:2 4:1,5  5:15 37:19 73:18  88:3 90:6,11  <b>talk</b> 15:25 68:13,16,19  69:24 81:22 87:20  <b>talked</b> 28:20 33:10  <b>talking</b> 28:16  <b>tape</b> 38:20,21  <b>team</b> 17:16,23 18:7,13  18:21  <b>tear</b> 42:19  <b>telephone</b> 22:7  <b>tell</b> 17:5 18:11 28:21  34:21 35:23 51:11,20  54:24 57:7,15,17  60:22 65:1,9,12  73:22 80:4  <b>telling</b> 22:11 48:23</p>	<p><b>ten</b> 19:5  <b>tender</b> 19:17  <b>term</b> 44:9 84:14  <b>terminal</b> 1:3,5 3:2 6:5  9:22 12:11 26:15  <b>terms</b> 6:21 7:13 29:7  30:4,7,12  <b>testified</b> 5:6 7:13  <b>testify</b> 25:3 79:3  <b>testimony</b> 68:5 75:6  82:12 90:7,11  <b>Thank</b> 88:22  <b>Thanks</b> 73:16  <b>thing</b> 30:17 46:11  81:15 82:23  <b>things</b> 29:9 39:15 40:6  40:7 44:8 51:12  64:23 65:4 71:23  84:21 85:12,21  <b>think</b> 5:20 10:19 12:1  15:12,18 16:19,24,24  28:5 32:18 34:3 35:6  35:24 46:4 51:3,12  54:1 56:17,22 57:6  58:24 66:9,17 73:4  75:5 78:10 80:21  81:1,20 83:18 84:4  85:1  <b>thinking</b> 34:4 35:24  81:10  <b>Thomas</b> 3:12  <b>thorough</b> 35:15  <b>thought</b> 16:14 28:7  41:8 46:1 52:2 58:24  59:3,15 62:21 67:15  <b>three</b> 10:1 56:18 57:2  80:18  <b>time</b> 4:5 5:21 7:10 8:7  10:11,13,14,14 12:3  12:5,12 16:21 18:11  19:1 20:6 22:14,24  24:9,23 28:12 31:14  34:21 36:19 39:6,22  40:15,22,23 47:17  48:18 51:7,7 54:18  54:21 57:1 58:24  59:15 63:15 64:18  65:10 66:5 67:7  68:10,18 72:19 73:11  74:11 79:11 80:4  81:4 87:14 88:20  90:6,11  <b>timely</b> 51:2  <b>times</b> 21:7 26:2 80:18  <b>time-wise</b> 16:18  <b>timing</b> 47:23  <b>title</b> 4:5 12:5  <b>today</b> 39:19 40:10,12  40:19 41:3,21,24</p>	<p>62:14 74:15 79:3  82:12 87:6,7,8,8,23  88:9  <b>Toko</b> 72:11  <b>told</b> 14:23 32:13 46:6,9  49:15,25 51:4,21  54:13 55:10 66:3  82:24  <b>Tom</b> 5:13 37:16 41:17  <b>Tomlinson</b> 3:17  <b>ton</b> 24:1,15,22 32:6,19  35:8  <b>tons</b> 32:13,23 33:6  <b>top</b> 34:4 71:14 72:3,10  81:2 84:3  <b>Total</b> 32:3  <b>train</b> 58:24  <b>transaction</b> 29:23 30:1  30:5  <b>transcribed</b> 90:9  <b>transcript</b> 89:3  <b>transcription</b> 90:10  <b>transformer</b> 36:25  <b>transitioned</b> 13:13  <b>transmittal</b> 27:6  <b>transportation</b> 82:5  <b>trip</b> 16:23  <b>truck</b> 16:11 52:24  53:17  <b>truckload</b> 16:13  <b>trucks</b> 31:7 52:15 63:8  80:17  <b>true</b> 39:7,14 40:19 41:3  41:4,25 74:12,16  79:8 89:3 90:10  <b>truth</b> 5:5,5,6 39:18  40:11  <b>try</b> 19:4  <b>trying</b> 40:5 56:17  <b>tug</b> 80:8  <b>tugboat</b> 34:11  <b>turn</b> 43:18 54:10 70:22  74:19  <b>two</b> 9:25 10:6,16 11:2  23:13 26:2 33:23  67:2 69:17,24 70:11  77:12 80:18 87:11  <b>type</b> 19:6 20:25 21:1,3  30:16 35:25 38:3  46:7 48:23 62:24,24  79:23  <b>typed</b> 38:14,18,23 39:1  <b>types</b> 29:9 30:7  <b>typical</b> 71:13</p> <hr/> <p style="text-align: center;"><b>U</b></p> <hr/> <p><b>Uh-huh</b> 21:18 37:3  86:6  <b>uh-huhs</b> 7:4  <b>EXHIBIT 1</b></p>
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# NORTH STAR TERMINAL & STEVEDORE COMPANY

Terminal Operators

Vessel Agents

Materials Handling

Equipment Rental

P.O. BOX 100711, ANCHORAGE, ALASKA 99510

TELEPHONE (907) 272-7131  
CABLE ADDRESS: NORSTEDV AHO  
FAX (907) 272-8744

January 27, 1997

Dear Valued Customer:

Enclosed you will find our new commercial credit application which we ask that you complete and return as soon as possible. We will expedite the processing of the application in order to avoid any interruption in your previous service. Be assured that this request is not reflective of any problem on your account.

Our terms are Net 30 from invoice date, and delinquent accounts are subject to finance charges at the rate of 1.5% per month. Please review details of our terms and conditions on the last page of the credit application.

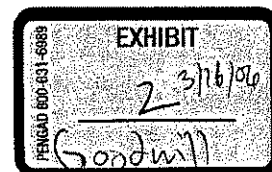
Credit limits are authorized only upon receipt by our credit department of a completed and signed credit application. You will be notified of your established line of credit with North Star Terminal and Stevedore Company within one week of receipt of your application. Incomplete applications will be returned with notification of data missing.

Thank you for your cooperation. We look forward to a long and mutually beneficial relationship.

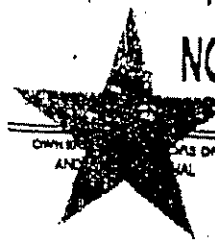
Very truly yours,

NORTH STAR TERMINAL & STEVEDORE CO.

*G. Mehorg*  
G. Mehorg  
Credit Manager







# NORTH STAR TERMINAL & STEVEDORE COMPANY

Terminal Operators

Vessel Agents

Materials Handling

Equipment Rental

P. O. BOX 16076, ANCHORAGE, ALASKA 99516

 TELEPHONE: (907) 563-5500  
 CABLE ADDRESS: NORTHSTAR  
 FAX: (907) 563-5500

## CONFIDENTIAL CREDIT APPLICATION

### COMMERCIAL ACCOUNTS

For the purpose of obtaining credit from North Star Terminal and Stevedore Company. The following statements are made intending that they will be relied on as correct. Attach copy of most recent financial statement. Note: Credit will not be granted without the completion of this application.

Applicant requests credit in the amount of \_\_\_\_\_, Estimated Monthly Charges 40,000.00

FULL TRADE NAME

SPENCER ROCK PRODUCTS, INC.

LEGAL NAME

BILLING ADDRESS

P.O. BOX 244063

CITY ANCH.

STATE AK.

ZIP CODE 99524

STREET ADDRESS

1301 DOWLING

CITY ANCH.

STATE AK.

ZIP CODE 99523

TELEPHONE

(907) 563-1405

FAX

(907) 563-1458

### FORM OF ORGANIZATION

Type of Business: RETAILType of Ownership: XDate Business Started: 12-12-94Corporation - State and Date Incorporated: 12-12-94

Sole Proprietor - (Owner)

Partnership - (Owners)

Division of

### OWNER/STAFF INFORMATION

Name: ROBERT A. LAROF Title: PRESIDENTAddress: P.O. BOX 244063 ANCH. Phone: 907-563-1405

Name

Title

%

Address

Phone

%

Name

Title

%

Address

Phone

%

### BUSINESS PREMISES

Do you own or rent?

RENT

Name of landlord or lessor:

JACK WHITE CO.

Address:

3201 C ST. ANCH, AK. 99503Phone: 563-5500

### FINANCIAL/BUSINESS DATA

Date of Preparation: 8

Financials Provided?

Annual Sales Revenue: \$650,000.00 Not WorthTerms of Sales: 30 DAYSYears in business under present ownership: 2

Have you had previously have an account with our company under a different name?

Number of Employees: 2-10

If yes, Period of Time:

Name:

Address:

Have either of you as a signatory or the business entity ever declared bankruptcy?

NO

If yes, Personal or Business:

Year Filed:

Explain:

Have you ever had property repossessed?

NO

If yes, explain:

Do you guarantee or co-sign any indebtedness for others?

NO

If yes, explain:

 NO DOCKLET DATE: LSV  
 DOCKETED

BANK REFERENCES			
NAME OF BANK	NORTH RIM BANK		DATE ACCOUNT OPENED
ACCOUNT NUMBER	0107024598	TYPE	CHECKING <input checked="" type="checkbox"/> SAVINGS <input type="checkbox"/> LOAN <input type="checkbox"/>
CONTACT	STEVE TAYLOR		
ADDRESS	3111 C ST.	CITY	ANCH.
		STATE	AK.
		ZIP CODE	99523
PHONE	261-3587	FAX	261-3510

BANK REFERENCES			
NAME OF BANK			DATE ACCOUNT OPENED
ACCOUNT NUMBER		TYPE	CHECKING <input type="checkbox"/> SAVINGS <input type="checkbox"/> LOAN <input type="checkbox"/>
CONTACT			
ADDRESS		CITY	
		STATE	
		ZIP CODE	
PHONE		FAX	

I hereby authorize any bank named herein to release information to North Star Terminal and Stevedore Company pertaining to my account(s).

By: Robert A. LaPore Title: President

TRADE REFERENCES			
NAME OF REFERENCE	CRAIG TAYLOR EQUIP		DATE ACCOUNT OPENED
ACCOUNT NUMBER	2635		FEB 1995
ADDRESS	733 E. WHITNEY RD.	CITY	ANCH.
		STATE	AK.
		ZIP CODE	99501
PHONE	276-5050	FAX	
		CONTACT	TON CLUSIAU
NAME OF REFERENCE	NAPA AUTO PARTS		DATE ACCOUNT OPENED
ACCOUNT NUMBER	06776		MAR 1995
ADDRESS	P.O. BOX 233889	CITY	ANCH.
		STATE	AK.
		ZIP CODE	99523
PHONE	563-0764	FAX	561-0040
		CONTACT	
NAME OF REFERENCE	ATLAS ALASKA		DATE ACCOUNT OPENED
ACCOUNT NUMBER	SPENCER ROCK PRODUCTS, INC.		JUNE 1995
ADDRESS	701 W. 41ST ST.	CITY	ANCH.
		STATE	AK
		ZIP CODE	99503
PHONE	563-7211	FAX	561-2179
		CONTACT	HEIDI PAIVIO

561-6171

**AGREEMENT**

The applicant certifies that the information contained herein is true and correct, and further agrees that North Star Terminal and Stevedore Company may turn to a credit reporting bureau for verification of the information provided. Applicant agrees that if credit is extended, all credit and sales made shall be subject to the following:

1. Applicant shall pay the full amount of the invoice(s) when due, which is defined to be thirty (30) days from the invoice date unless otherwise specified on the invoice.
2. If payment in full is not received by the due date, applicant shall owe, in addition to the invoice amount, a late fee of 1.5% per month or maximum allowed by law, on all unpaid balances, plus costs of collection, including attorney's fees, court costs, and collection fees that North Star Terminal and Stevedore Company may incur in recovering the amount owed.
3. Applicant agrees to notify North Star Terminal and Stevedore Company promptly of any changes in ownership of the business conducted under the account name, and agrees to liability for all charges to the business conducted under the account name unless and until North Star Terminal and Stevedore Company receives written notice of a change in ownership of that business.
4. The applicant agrees that venue and jurisdiction for any such court action shall properly be in the Greater Anchorage area.
5. Applicant agrees to pay a \$25.00 handling fee each time a check is returned from North Star Terminal and Stevedore Company's bank as NSF, return to maker or account closed.
6. Applicant agrees that if there are any conflicts between applicant's purchase order and this agreement that this agreement shall prevail.
7. The applicant agrees that North Star Terminal and Stevedore Company, at its option, may cancel credit privileges to the applicant. The applicant agrees that if any person guaranteeing payment by the applicant revokes his/her guarantee as provided in his/her Guarantee Agreement with North Star Terminal and Stevedore Company, this Credit Agreement shall be automatically terminated and all amounts owing to North Star Terminal and Stevedore Company shall be immediately due and payable.

I further certify on the Applicant's behalf that applicant is solvent, as defined by Article 1 of the Uniform Commercial Code, and that Applicant will immediately notify North Star Terminal and Stevedore Company if it becomes insolvent. I further certify that I am an officer of Applicant knowledgeable of the financial conditions of Applicant, and that I am empowered and authorized to enter into the aforesaid Agreement on Applicant's behalf.

Company SPENCER ROCK PRODUCTS, INC.

Date Jan. 28, 1997

Signature Robert A. LaPore  
Print Name ROBERT A. LAPORE

12-23-97:10:54

12-23-97:10:54



## REQUEST FOR CREDIT VERIFICATION

ACCOUNT OPENED

HIGH CREDIT

BALANCE OWING

AMOUNTS PAST DUE

TERMS OF SALE

CREDIT LIMIT

PAYMENT HABITS

DATE OF LAST SALE

COMMENTS

North Rim Bank

Steve Taylor~~11/10/95~~ opened  
12/94

Low 5 digit

Guy that runs company  
is good guyGood CustomerCredit accomodation  
Low 6 figures

ACCOUNT OPENED

HIGH CREDIT

BALANCE OWING

AMOUNTS PAST DUE

TERMS OF SALE

CREDIT LIMIT

PAYMENT HABITS

DATE OF LAST SALE

COMMENTS

Craig Taylor Equip (monica)

→ 33,570.79

pay slow

net 10th

→ 2,000.00

Good Customer

always ~~pay~~ payoutstanding invoice  
Dec 4  
Nov 5Should be clearing acct  
this week

ACCOUNT OPENED

HIGH CREDIT

BALANCE OWING

AMOUNTS PAST DUE

TERMS OF SALE

OK

12072272827

12-23-97 10:54 NORTH STAR TERMINAL

EXHIBIT 1

Page 37 of 69

## REQUEST FOR CREDIT VERIFICATION

~~Craig Taylor~~  
ACCOUNT OPENED

HIGH CREDIT

BALANCE OWING

AMOUNTS PAST DUE

TERMS OF SALE

CREDIT LIMIT

PAYMENT HABITS

DATE OF LAST SALE

COMMENTS

ACCOUNT OPENED NAPA — 3/21/95

HIGH CREDIT

BALANCE OWING 148.50

AMOUNTS PAST DUE

TERMS OF SALE 20 day net pay as agree

CREDIT LIMIT \$500.00

PAYMENT HABITS on time good acct

DATE OF LAST SALE

COMMENTS

ACCOUNT OPENED

Atlas Alaska (Heidi) Katie 247-1010

HIGH CREDIT

30,000.00 1994

BALANCE OWING

AMOUNTS PAST DUE

no past due

TERMS OF SALE

net 30

Pay on time good customer

High

60 Day - 30,000

:9072728927

12-23-97:10:54 NORTH STAR TERMINAL

EXHIBIT 1

Page 38 of 69

**SPENCER ROCK PRODUCTS, INC.**

1301 DOWLING, SUITE 109

P.O. BOX 244063

ANCHORAGE, ALASKA 99524

(907) 563-1405

Statement of Operations and Related Earnings  
1/1/1996 through 12/31/1996**GROSS SALES:****\$404,394.12****COST of SALES:**

Labor w/ burdens	\$ 109,226.94
Ak RR freight	\$ 4,400.00
Equipment Rental	\$ 46,088.92
Camp & Equip Upgrades	\$ 7,489.68
Office Exp.	\$ 15,913.57
Fuel	\$ 31,960.55
Air Support	\$ 5,900.00
Loan Exp & Interest	\$ 28,600.00
Royalty	\$ 36,240.00
Equip Repair	\$ 23,441.41
Testing/Engineering	\$ 800.00
Equip Purchased	\$ 8,800.00
Camp Food/supply	\$ 4,227.72
Camp Insurance	\$ 2,800.00
Equipment Ins	\$ 2,750.00
Liability Ins	\$ 7,989.00

**Total Cost of Sales:****\$331,127.79****Net Operating Income:****\$73,266.33**



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**SPENCER ROCK PRODUCTS, INC.**

1301 DOWLING, SUITE 109

P.O. BOX 244063

ANCHORAGE, ALASKA 99524

(907) 563-1404

**Statement of Operations and Related Earnings**  
1/1/98 through 12/31/98**GROSS SALES:**\$668,407.25**COST of SALES:**

Labor	\$ 83,713.37
Alk RR freight	\$194,395.00
Equipment Rental	\$111,704.35
Camp & Equip Upgrades	\$ 93,540.00
Office Exp.	\$ 11,711.43
Fuel	\$ 16,302.59
Air Support	\$ 15,810.71
Loan Exp. & Int.	\$ 24,943.93
Royalty	\$ 28,400.00
Equip Repair	\$ 1,212.17
Testing/Engineering	\$ 1,100.00
Equip Purchased (72ford)	\$ 2,000.00
Camp food/supply	\$ 4,585.51
Camp Insurance	\$ 3,600.00
Equipment Insurance	\$ 2,100.00
Liability Insurance	\$ 2,007.00

**Total Cost of Sales:**\$603,346.36**Net Operating Income:**\$ 65,060.89

**INDIVIDUAL PERSONAL GUARANTEE**

To: North Star Terminal and Stevedore Company

In consideration of extension of credit to applicant, and/or forbearance from immediate collection of any existing indebtedness to you, I/we hereby unconditionally guarantee, jointly and severally, prompt payment and performance of all applicant's obligations, present and future, to North Star Terminal and Stevedore Company.

This guarantee may be revoked by written notice to you, but such revocation will not affect transactions undertaken prior to receipt of written notice of such revocation by you.

I/We hereby waive notice of acceptance herein, extension of credit or default. No subsequent activities of North Star Terminal and Stevedore Company or transactions between North Star Terminal and Stevedore Company and applicant other than payment (including but not limited to extensions of due dates, release or substitutions of collateral security) shall affect the undersigned's obligations herein.

Signature: Robert A. Lapore Date Jan 23, 1997  
 Printed Name ROBERT A. LAPORE  
 Soc. Sec. # 566-50-2388  
 Home Address 10401 CONSTITUTION  
 Signature: \_\_\_\_\_ Date \_\_\_\_\_  
 Printed Name \_\_\_\_\_  
 Soc. Sec. # \_\_\_\_\_  
 Home Address \_\_\_\_\_

After completion, please mail the signed original application to the attention of the Credit Department as indicated below. Applications may be faxed in order to expedite application process, however signed original must be received by mail in order to establish credit.

North Star Terminal and Stevedore Company  
 Attention: Credit Department  
 P. O. Box 102019  
 Anchorage, Alaska 99510  
 Phone: (907) 272-7537 Fax: (907) 272-8755

**OFFICE USE ONLY**

Account # \_\_\_\_\_ Credit Approved \_\_\_\_\_ Amount \_\_\_\_\_ Terms \_\_\_\_\_ Letter Sent \_\_\_\_\_  
 Account # \_\_\_\_\_ Credit Denied \_\_\_\_\_ Terms \_\_\_\_\_ Letter Sent \_\_\_\_\_

Related Account(s) # \_\_\_\_\_  
 Date \_\_\_\_\_ Signature \_\_\_\_\_ Recorded: Date \_\_\_\_\_ Initials \_\_\_\_\_

45



Karen

# SPENCER ROCK PRODUCTS, INC.

Rock Sand Gravel  
Drilling & Blasting



Vernon Rusk  
Robert A. LaPore  
President

1301 Dowling Drive  
P.O. Box 244061  
Anchorage, Alaska 99524  
Phone 907-563-1405  
Fax 907-563-1458

L.D. "Randy" Randolph, PE

Construction  
Consultant

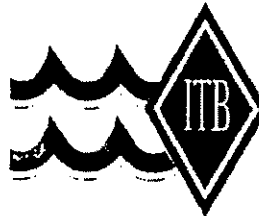
## LDR ENGINEERING SERVICES

Construction Estimating  
Project Management  
General Contracting - Earthwork

3605 Arctic Blvd. #2543  
Anchorage, Alaska 99503

Ph (907) 337-3571  
Fax: (907) 337-3571

Capt. Frank Ellefsen  
Operations



## Island Tug & Barge Co.

3546 W. Marginal Way S.W.  
P.O. Box 84664 • Seattle, WA 98124  
Phone: (206) 938-0403 • FAX (206) 932-3620  
Res. 742-5672 • Pager: 918-3529

## NUGGET CONSTRUCTION, INC.

ENVIRONMENTAL and CIVIL CONSTRUCTION

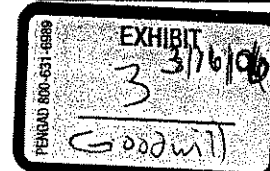
L. D. "Randy" Randolph, P. E.  
Senior Engineer

(907) 344-8365 Fax (907) 522-2786  
8726 Corbin Dr. • Anchorage, Alaska 99507

Mobil

Greg

229-4035



0-08115120 Northern Star Terminal

Sewright at BOK 19072728927

JAN-03-1998 15:37

NORTHERN STEVEDORING

P.03



# Northern Stevedoring & Hdlg.

Box 497 Seward, Alaska 99664

**To: MAJESTIC INSURANCE**

**Attn: GEORGE PALMER**  
**Phone: 415-222-9333**  
**Fax: 415-777-5997**

**From: Jack Goodwill**  
**Phone: (907) 224-5477**  
**Facsimile: (907) 224-5672**  
**Telex: (230) 405477 NORTHSTAR MARI**  
**Cable Address: NORSTEVCO AHG**  
**Internet e-mail: nsts@alaska.net**

**Date: 04/30/97 2:53 PM**

**Pages including this cover page: 1**

**RE: LOADING APPROX. 50,000 SHORT TONS OF ROCK TO CHARTERED BARGE**  
**BARGE CAPACITY 7,200 SHORT TONS**

**SPENCER ROCK PRODUCTS INC. BOB LaPORE 907-563-1405 PHONE**  
**907-777-5997 FAX**

**SPENCER IS HIRING NORTHERN TO LOAD THE ROCK TO THE BARGE**

**NUGGET CONSTRUCTION RANDY RANDOLPH 907-344-8365 PHONE**  
**907-522-2786 FAX**

**NUGGET HAS CHARTERED A BARGE FROM ISLAND TUG & BARGE CO. TO HAUL THE**  
**ROCK FROM SEWARD TO HOMER. RANDY HAS ASKED FOR A CERTIFICATE OF**  
**INSURANCE IN CASE THE BARGE IS DAMAGED DURING LOADING. I TOLD RANDY**  
**NORTHERN NEEDS A WAIVER OR SURVEY DONE AT THEIR EXPENSE THAT DOES NOT**  
**HOLD US LIABLE FOR LOADING THE ROCK WITH A SKIP BUCKET THAT SPENCER ROCK**  
**IS PROVIDING. WHEN USING A SKIP BUCKET THE ROCK ROLLS OUT OF THE BUCKET**  
**HITTING THE DECK OF THE BARGE.**

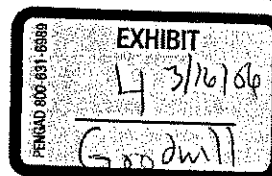
**ISLAND TUG & BARGE CO. CAPT FRANK ELLEFSEN 206-938-0403 PHONE**  
**206-932-3620 FAX**

**NUGGET HAS SUGGESTED THAT THE INSURANCE COMPANIES GET TOGETHER &**  
**WORK OUT A SOLUTION. THERE IS SUPPOSE TO BE A NEW CONCRETE DECK ON THE**  
**BARGE DESIGNED FOR LOADING ROCK. NORTHER DOES NOT WANT TO RESURFACE**  
**THE DECK OF THE BARGE AFTER LOADING 50,000 TONS OF ROCK.**

**PLEASE ADVISE**  
**THANK YOU**

**PS DUE TO LOAD THIS SUNDAY.**

**CC. SCOTT FRANCIS - NORTH STAR - ANCHORAGE**



**NUGGET 017843**

**EXHIBIT 1**  
**Page 44 of 69**

00009116

Michael W. Sewright  
BURR, PEASE & KURTZ  
810 N Street  
Anchorage, AK 99501-3293  
Telephone: (907) 276-6100  
Fax No.: (907) 258-2530

Attorneys for Plaintiff

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ALASKA

UNITED STATES OF AMERICA ex rel.  
NORTH STAR TERMINAL & STEVEDORE  
COMPANY, et al.,

Plaintiffs,

v.

NUGGET CONSTRUCTION, INC.; et al.,

Defendants.

Case No. A98-009 CIV (HRH)

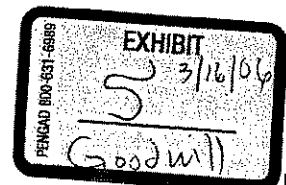
AFFIDAVIT OF JACK GOODWILL

STATE OF ALASKA                    )  
  ) ss.  
THIRD JUDICIAL DISTRICT        )

Jack Goodwill, being first duly sworn, deposes and says:

1. I am the Operations Manager and Vice-President of Northern

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& KURTZ  
A PROFESSIONAL CORPORATION  
810 N STREET  
ANCHORAGE, AK 99501  
(907) 276-6100





Stevedoring & Handling and submit this affidavit based on my personal knowledge.

2. Northern Stevedoring & Handling has its principal place of business in Seward, Alaska. I run the office and operations there. Northern Stevedoring & Handling is a solely owned d/b/a of North Star Terminal & Stevedore Company, a longtime Alaska corporation. North Star dba Northern Stevedoring is in the business of furnishing stevedoring and handling services, including labor, materials and equipment used in relation to those services. Most of the work we do is loading and offloading of goods, supplies and materials, from the dock to seagoing vessels including barges, and from the seagoing vessels to the dock.

3. In about mid-August 1996, I was contacted by Bob LaPore. He informed me that he and Nugget Construction were bidding a federal job involving the placement in Homer of a great many tons of stone from Mr. LaPore's rock quarry near Seward. He said he wanted to use us to load the stone onto a barge that next year. We talked about possible methods and means of loading the stone and the quantities involved.

4. Afterwards, Mr. LaPore informed me that Nugget Construction had obtained the award of contract from the federal government. He told me that he and his company, Spencer Rock Products, would be supplying the rock for the job, which I understood was the largest part of that project. Mr. LaPore requested that Northern Stevedoring & Handling load the rock upon a barge which Nugget would be providing, starting in the springtime. It was orally agreed that Northern Stevedoring was to bill

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Seward, AK 99501  
(907) 276-6100

AFF. OF JACK GOODWILL  
45-40/#10106

- 2 -

Spencer Rock for the loading based on the labor and equipment used, on a time and material basis, according to Northern Stevedoring's standard rates for labor and equipment usage in 1997. As a consequence, on January 28, 1997, Spencer Rock agreed to credit terms with North Star Terminal & Stevedore Company d/b/a Northern Stevedoring. A true and correct copy of that agreement signed by Robert A. LaPore for Spencer Rock Products, Inc., is attached as Exhibit 1 to this affidavit. In addition, on the same date, Mr. LaPore provided his signed Individual Personal Guarantee, attached as Exhibit 2 to this affidavit.

5. However, it was Randy Randolph, project manager for Nugget Construction, rather than Bob LaPore, who called me just before the first Nugget barge arrived. He informed me when it was arriving and wanted to ensure that Northern Stevedoring would be ready to do the loadout of stone being delivered from the Spencer Quarry. In addition, Nugget Construction required a Certificate of Insurance made out by Northern Stevedoring to Nugget Construction as certificate holder in connection with that first loadout. Also, when I had questions regarding the suitability of the weardeck on the barge for the large stones being loaded, it was Mr. Randolph, project manager for Nugget Construction, who provided me with a letter. True and correct copies of those documents are attached as Exhibits 3 and 4 to this affidavit.

6. That first loadout lasted several days, running all day with a day shift and a separate night shift, four stevedores per shift and a crane operator. Four additional

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610 N STREET  
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45-40/#10106

- 3 -

EXHIBIT 1  
Page 47 of 69

50

barge loads of rock were loaded on the Nugget barge by Northern Stevedoring later in May and June, 1997, in the same way. Randy Randolph was there directing the operation virtually all of the time during that first loadout, and he was also there during much of the time during the other loadouts. He was clearly the man in charge. Although Robert LaPore was also present at times, and definitely knew the work was being done, Randy Randolph directed the work. He commandeered the operation and I reported to him. From what I saw, Bob LaPore reported to him too. Mr. Randolph told me when to load the barges, how much to load them, and with what type rock.

7. The loading operation chiefly entailed transferring the large stone, which had been loaded in a large metal "skip shovel", by crane from the dock in Seward onto Nugget's barge, where the stone would be unloaded and the skip shovel returned. Stevedores were used on the dock and on the barge. Photographs showing part of that operation are attached as Exhibit 5 to this affidavit.

8. North Star dba Northern Stevedoring billed a total amount of \$124,724.98 for its stevedoring and handling services in connection with that job, as set out in the invoices attached as Exhibit 6 to this affidavit and in my letter to the Army Corps of Engineers dated August 4, 1997, after Robert LaPore told me he and Spencer Rock were unable to pay Northern Stevedoring and Randy Randolph told me Nugget would not pay. A true and correct copy of that letter is attached as Exhibit 7 to this affidavit. I say more in that letter about the loading operation, including who directed

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110 N STREET  
NAGE, AK 99501  
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45-40#10106

- 4 -

EXHIBIT 1  
Page 48 of 69

what and did what, and I incorporate those statements in this affidavit.

9. North Star dba Northern Stevedoring worked long and hard to load the thousands of tons of large rock upon Nugget's barge for placement in the Horner project. I always had a second crane available on standby and several stevedores and related materials and equipment tied up by that loading operation. I think we did a real good job for them. I understood it was a federal project, and had no doubt Northern Stevedoring would be paid, if necessary from the payment bond, because I was dealing directly with the owner of Spencer Rock and the project manager for Nugget Construction. Randy Randolph and Bob LaPore knew the work Northern Stevedoring was doing, and neither of them ever said they wanted us to stop doing the work or that they were dissatisfied with the work or would not pay for it or any part of it.

10. When payments became overdue, Bob LaPore explained that he could not pay Northern Stevedoring until Nugget paid him and that the Corps was slow in paying Nugget. Later, Mr. LaPore told me Nugget was only paying him enough to scratch by paying payroll in the Spencer Quarry. He acknowledged that the money was due Northern Stevedoring, he had no quarrel there, but said he was unable to pay. When I demanded payment from Nugget through Randy Randolph, Mr. Randolph told me that Nugget believed Spencer Rock owed Northern Stevedoring the money and that, as far as he was concerned, payment was a matter between Spencer Rock and Northern Stevedoring. He said it was not Nugget's problem. At about the same time, Nugget

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810 N STREET  
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(7) 276-6100

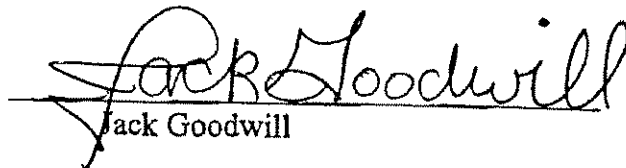
AFF. OF JACK GOODWILL

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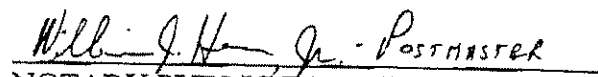
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moved its loading operation to the other side of the bay in Seward and loaded the other five barge loads of stone that summer from the City Dock there, which also demonstrates to me that Nugget was calling the shots.

11. At no time while Northern Stevedoring was providing its stevedoring services to load the rock on Nugget's barge did Randy Randolph or Bob LaPore, or anyone else with Spencer Rock or Nugget, tell me that Nugget had a "support services" arrangement with Spencer Rock to work in the Spencer Quarry and backcharge Spencer Rock for that work, or that Nugget was ensuring that it was paid first for those backcharges from the money the Corps of Engineers paid Nugget, rather than pay suppliers of labor and services like Northern Stevedoring. Neither did anyone with Nugget or Spencer Rock tell me that Nugget did not consider Spencer Rock its subcontractor for the project or that Northern Stevedoring's work would not be covered by the payment bond.

  
Jack Goodwill

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of December, 1998.

  
NOTARY PUBLIC FOR ALASKA  
My commission expires: TERM

BURR. PEASE  
& KURTZ  
PROFESSIONAL CORPORATION  
410 N STREET  
SHEPARD, AK 99501  
278-6100

AFF. OF JACK GOODWILL  
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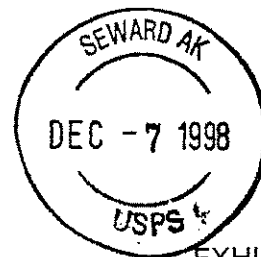


EXHIBIT 1  
Page 50 of 69